

Message Text

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SUBJECT: LIABILITIES OF BINATIONAL COMMISSIONS

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1. COLOMBIAN COMMISSION COMPLIES WITH SOCIAL SECURITY LEGISLATION REGARDING ANNUAL LEAVE, BONUS, HEALTH INSURANCE, SEVERANCE BENEFITS. NEVERTHELESS NO PROVISIONS HAVE BEEN MADE TO MEET A SPECIAL RETIREMENT PROBLEM.

2. IN THE EXCEPTIONAL CASE OF THE OLDEST EMPLOYEE, MS. ELSA BUSTILLO, HIRED BEFORE THE MOST RECENT LEGISLATION, A RETIREMENT PENSION WOULD HAVE TO BE PAID JOINTLY BY THE COMMISSION AND ICSS (THE SOCIAL SECURITY ADMINISTRATION).

3. MS. BUSTILLO WILL BE ELIGIBLE FOR RETIREMENT IN MAY 1979. CALCULATIONS ACCORDING TO PRESENT LEGISLATION SHOW THAT, IF MS. BUSTILLO RETIRES AT THAT TIME, THE COMMISSION WILL HAVE TO PAY A MONTHLY PENSION OF COL\$19,505 (US\$598) FROM JUNE 1979 TO AUGUST 1981. AFTER THAT ICSS WILL ASSUME ITS PART AND THE COMMISSION WILL HAVE TO PAY A FRACTION EQUIVALENT TO COL\$6,502 MONTHLY (US\$199) FOR THE REST OF HER LIFE. (THESE ARE APPROXIMATE FIGURES DUE TO SOME UNCERTAINTIES AT THIS TIME).

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4. CONSULTATIONS ON THE BEST WAY TO MAKE PROVISIONS FOR

THIS EVENTUAL OBLIGATION WERE CONDUCTED WITH AUDITORS PRICE WATERHOUSE, ICSS, AND BOARD MEMBER DR. GUILLERMO LOPEZ GUERRA, AUTHORITATIVE SPECIALIST IN LABOR LAW.

5. THE BOARD OF DIRECTOR CONSIDERED SEVERAL OPTIONS AND IT HAS DECIDED THE FOLLWING: NO SPECIAL FUND WILL BE ESTABLISHED FOR GUARANTEETING PENSION BENEFITS. THE MONTHLY PAYMENTS, WHEN DUE , WILL BE TAKEN FROM THE REGULAR COMMISSION OPERATIONS BUDGET.

6. THIS IS FEASIBLE ESPECIALLY SINCE ONLY THIS ONE CASE IS EXPECTED, OTHER EMPLOYEES BEING FULLY COVERED BY SOCIAL SECURITY. IN THE REMOTE POSSIBILITY OF CLOSING DOWN THE EXCHANGE PROGRAM IN COLOMBIA A PENSION FUND WOULD HAVE TO BE ESTABLISHED. THE AMOUNT OF THIS FUND WOULD BE MUCH LESS, AT SOME FUTURE DATE, THAN IF IT WERE FORMED NOW.

7. AN ALTERNATIVE WOULD BE TO START A PENSION FUND NOW. THIS WOULD REQUIRE SETTING ASIDE COL\$29,381 (US\$900) EVERY THREE MONTHS, TO BE INVESTED AT 23P/C ANNUAL INTEREST RATE (WHICH IS NORMAL FOR THE TIME DEPOSITS) FROM NOW UNTIL JUNE 1979, IN ORDER TO OBTAIN THEN A SUM OF COL\$606,728 (USIS\$18,588. MONTHLY PAYMENTS WOULD THEN BE WITHDRAWN FROM THIS FUND.

8. AS EXPRESSED ABOVE, THE COMMISION FEELS IT WOULD BE LESS DEMANDING AND EQUALLY APPROPRIATE NOT BO BUILD ANY FUND AND TO INCLUDE PENSION BENEFITS, WHEN NEEDED, IN THE REGULAR OPERATIONS BUDGED.

9. THE VIEWS AND COMMENTS FROM THE DEPARTMENT ON THE POSITION OF THE BOARD WILL BE MOST APPRECIATED.
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